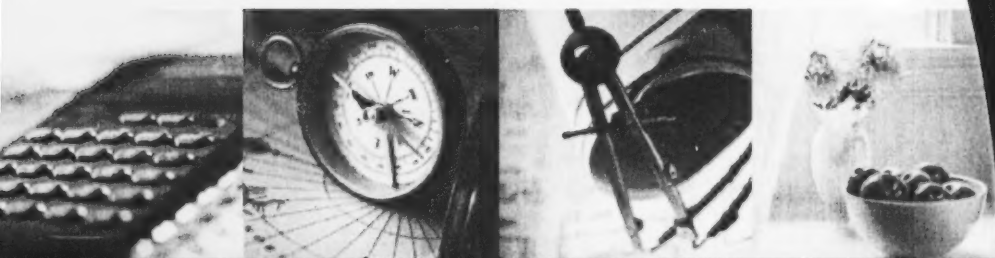


CMHC • SCHL INTERNATIONAL



Preliminary Assessment of Japanese
Homebuyer Segments Survey



Canada

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is the Government of Canada's national housing agency. We help Canadians gain access to a wide choice of quality, affordable homes.

Our mortgage loan insurance program has helped many Canadians realize their dream of owning a home. We provide financial assistance to help Canadians most in need to gain access to safe, affordable housing. Through our research, we encourage innovation in housing design and technology, community planning, housing choice and finance. We also work in partnership with industry and other Team Canada members to sell Canadian products and expertise in foreign markets, thereby creating jobs for Canadians here at home.

We offer a wide variety of information products to consumers and the housing industry to help them make informed purchasing and business decisions. With Canada's most comprehensive selection of information about housing and homes, we are Canada's largest publisher of housing information.

In everything that we do, we are helping to improve the quality of life for Canadians in communities across this country. We are helping Canadians live in safe, secure homes. CMHC is home to Canadians.

Canadians can easily access our information through retail outlets and CMHC's regional offices.

You can also reach us by phone at 1 800 668-2642
(outside Canada call (613) 748-2003)
By fax at 1 800 245-9274
(outside Canada (613) 748-4069)
To reach us online, visit our home page at www.cmhc.ca.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1 800 668-2642.

Preliminary Assessment of Japanese Homebuyer Segments Survey

Prepared for CMHC by:

Dr. David H. Cohen, Associate Professor, UBC

Natalia Vidal, Graduate Research Assistant, UBC

Wellington Spetic, Graduate Research Assistant, UBC

Rafael Ide, Graduate Student, UBC

and

Dr. Robert A. Kozak, Assistant Professor, UBC

The University of British Columbia

Faculty of Forestry, Department of Wood Science

2424 Main Mall

Vancouver, BC, Canada V6T 1Z4

This research project was funded by Canada Mortgage and Housing Corporation (CMHC). The contents, views and editorial quality of this report are the responsibility of the author(s) and CMHC accepts no responsibility for them or any consequences arising from the reader's use of the information, materials and techniques described herein.

Cette publication est aussi disponible en français sous le titre : Pour Commencer! Guide aux réglementations du bâtiment au Royaume-Uni.

© 2003 Canada Mortgage and Housing Corporation

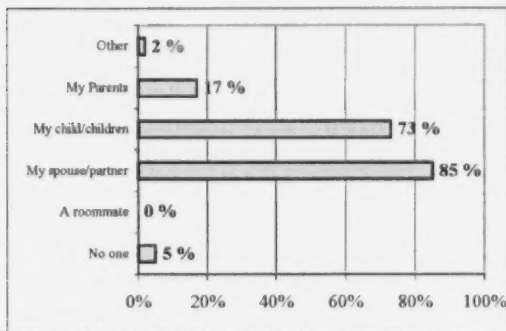
All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this book may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

Executive Summary

Objective: This preliminary report provides basic information on the responses to the detailed survey prior to the final market segmentation analysis and report.

Method: A survey was completed in the summer of 2001 by 362 Japanese consumers between the ages of 30-59 from major urban centres in Kanto, Kansai, Kyushu, and Hokkaido.

CURRENT HOUSING SITUATION



Who lives in your house with you?

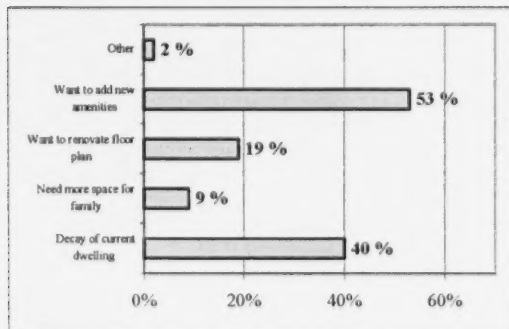
Type of Current Dwelling

	Hokkaido n = 30	Kanto n = 182	Kansai n = 90	Kyushu n = 60
Apt.	33%	59%	43%	53%
Detached House	60%	36%	49%	45%
Town house	3%	3%	4%	2%
Other ⁽¹⁾	3%	1%	3%	0%

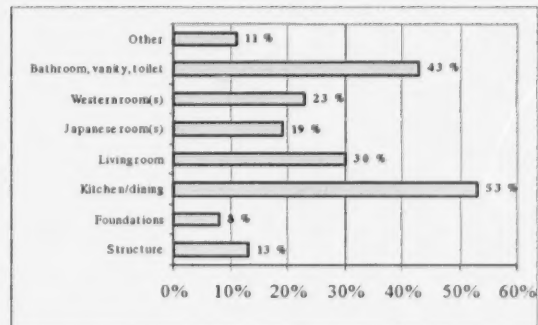
- ✓ Half of respondents already own the house that they are living in
- ✓ Half stated that traditional construction was used in their current house, BUT 40% did not know

House Renovation

- ✓ 15% were planning renovations within next 5 years (most after 3 years) or 30% of those who owned their own home



Reasons for renovation



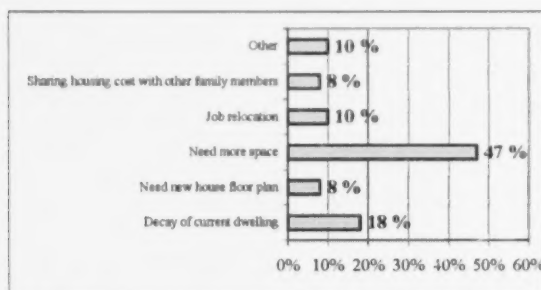
Areas to be renovated

FUTURE HOUSING PLANS

- ✓ 21% expect to build/rebuild or purchase new home within next 5 years with the vast majority planning to do so after the next 3 years

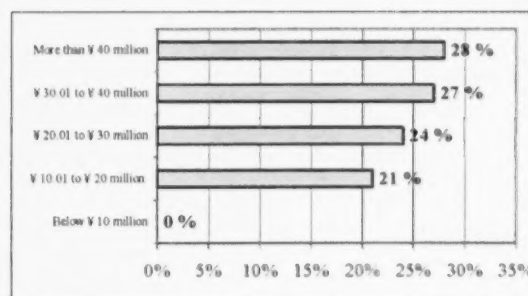
Planning new house in next 5 years?

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 90	<i>KYUSHU</i> N = 60
Yes	43%	21%	16%	17%
No	57%	79%	84%	83%



Reasons for purchase

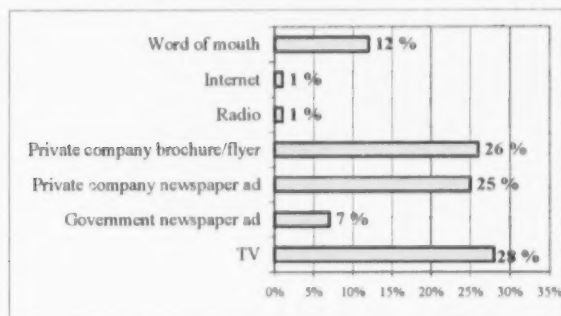
- ✓ equal numbers of respondents were planning on increasing and decreasing the size of their new house compared to their current situation.
- ✓ 43% of cost from personal savings
- ✓ parents involved with decision for 47% of respondents
- ✓ half either own land or will move into apartment and remainder will buy land with house



Expected price ranges for new house

LEGISLATION IN JAPAN

- ✓ The majority of respondents (77%) have not heard about the Housing Quality Assurance Law (HQAL)



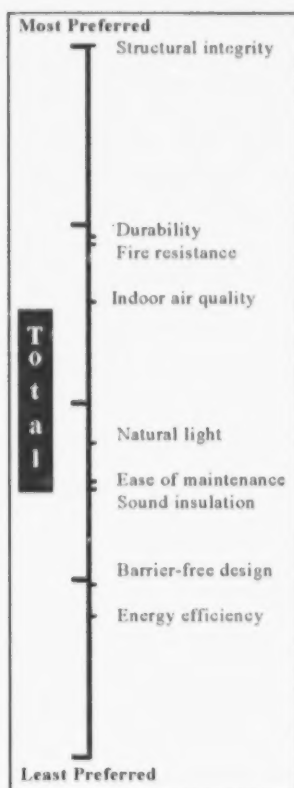
Where did you learn about HQAL?

- ✓ private companies most effective in education public
- ✓ TV was the most efficient way of communicating in Hokkaido (50%) and Kanto (31%).
- ✓ private company flyer/brochure was more frequent in Kansai (35%)
- ✓ overall there was lack of knowledge about all aspects of HQAL
- ✓ most knowledgeable about 10 year guarantee

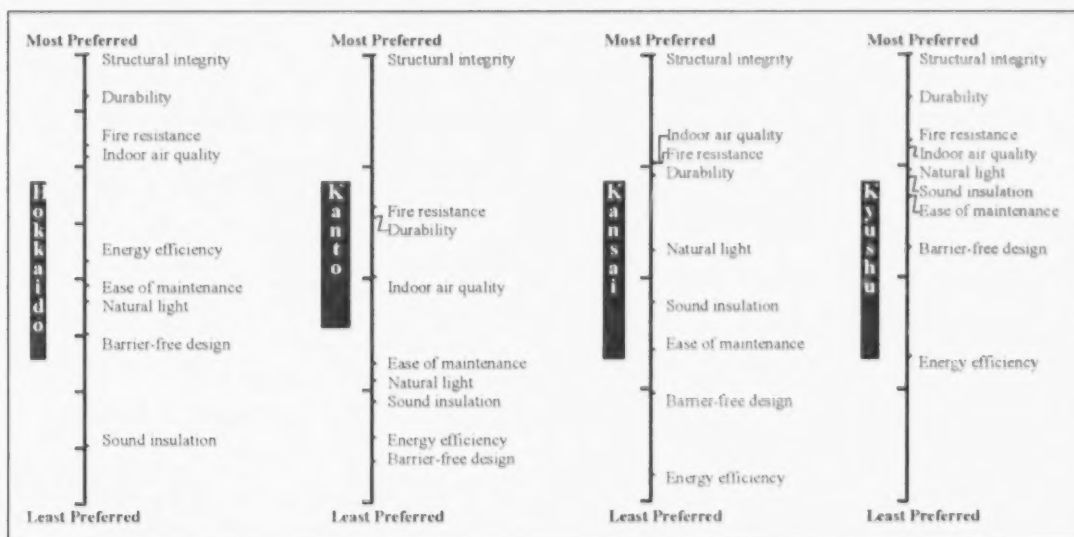
MINIMUM PERFORMANCE ATTRIBUTES

- ✓ majority of respondents (70%) indicated that they expected their house to last at least two generations (>50 years)
- ✓ sizeable minority (17%) who had minimum requirements for a three generation house (highest in Hokkaido at 23% and lowest in Kyushu at 12%)
- ✓ 72% of the respondents required daily living facilities (bedroom, toilet, & bathroom) on the same floor and an additional 19% expected to have an elevator available
- ✓ 71% expected handrails in bedroom, stairs, corridors, bathrooms and toilets
- ✓ two thirds required require easy wheelchair access

HOUSING PERFORMANCE INDICATORS

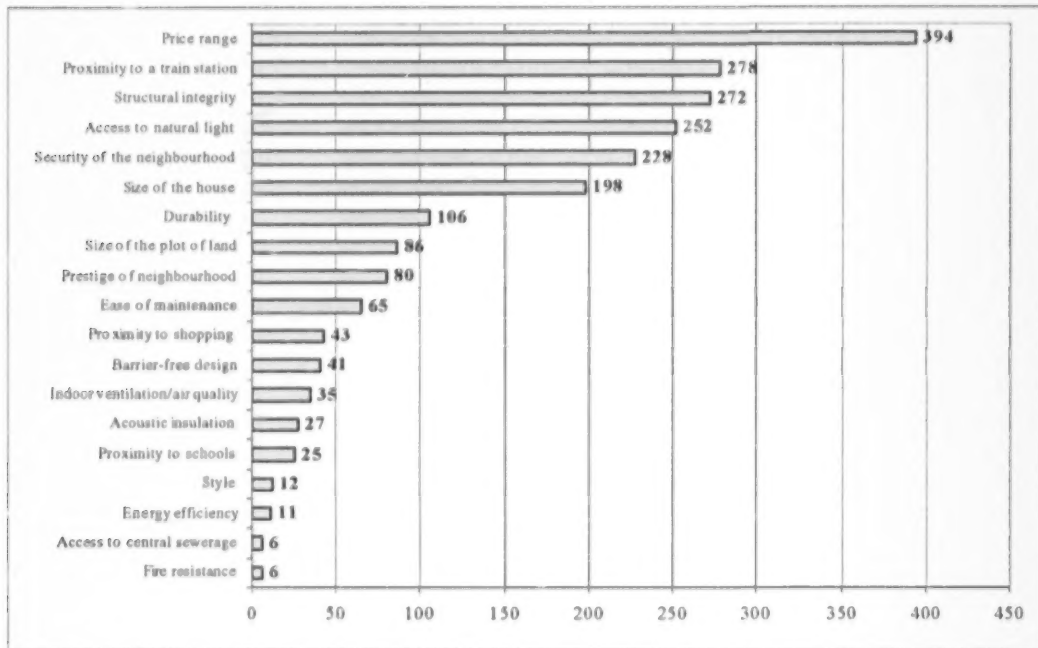


- ✓ Results for all respondents shown on left, for regions below
- ✓ nine performance indicators (from HQAL) were ranked using statistical methodology whereby respondents chose the most preferable between pairs
- ✓ results rank preferred attributes as well as relative distances among attributes
- ✓ most preferred attributes are structural integrity, durability, fire resistance and indoor air quality
- ✓ least preferred attributes are energy efficiency and barrier free design
- ✓ all attributes were preferred by **some** segment of the respondents (the size of the group determined its placement on the scale)
- ✓ regional results shown below
- ✓ in Kansai, the preference for improved indoor air quality is greater than in Kanto
- ✓ In Hokkaido, energy efficiency is much more important than in any other region



IMPORTANCE OF HOUSING ATTRIBUTES

- ✓ respondents were asked to rank top three housing attributes including 9 performance indicators
- ✓ results show location, security and prestige more important than performance
- ✓ following table show points with 3 for first rank, 2 for second rank & 1 for third rank



Most important variables when purchasing/building a house

ALLOCATING FUNDS FOR HOME IMPROVEMENT

- ✓ improving quality of life more important than more practical performance issues

	TOTAL n = 302	HOKKAIDO n = 25	KANTO N = 148	KANSAI N = 74	KYUSHU n = 55
Improving my quality of life	43%	40%	44%	42%	44%
Decreasing risk of injuries/death in case of emergencies	28%	30%	28%	29%	27%
Improving maintenance	28%	30%	28%	29%	28%

Expenditures on House Improvements

Full Respondent Profiles Available in Report

Table of contents

1	INTRODUCTION	1
2	OBJECTIVES.....	2
3	BACKGROUND AND JUSTIFICATION	3
4	METHODOLOGY.....	4
5	CURRENT HOUSING	6
5.1	EXISTING SITUATION.....	6
5.2	PLANNED HOUSE RENOVATIONS	10
6	FUTURE HOME PURCHASING PLANS	14
6.1	INTENT TO BUILD OR PURCHASE A HOUSE	14
6.2	NEW HOUSE CHARACTERISTICS	15
6.3	PAYING FOR THE NEW HOUSE.....	17
7	NEW LEGISLATION IN JAPAN	19
8	HOUSING PERFORMANCE INDICATORS.....	21
8.1	PREFERENCE FOR PERFORMANCE INDICATORS	21
8.2	MINIMUM PERFORMANCE ATTRIBUTES REQUIRED	22
8.3	IMPORTANCE OF ATTRIBUTES WHEN BUYING/BUILDING A HOUSE	23
8.4	ALLOCATING FUNDS ON HOUSE IMPROVEMENTS	28
8.5	ATTITUDES TOWARDS HOUSE ATTRIBUTES	29
9	RESPONDENTS' PROFILE	31
10	SUMMARY	36
11	REFERENCES	37

List of Figures

FIGURE 1: LOCATION OF CURRENT PRIMARY RESIDENCE.....	6
FIGURE 2: APPROXIMATE FLOOR AREA OF HOUSES (1 TSUBO $\cong$ 3.26 M ²).....	7
FIGURE 3: APPROXIMATE FLOOR AREA OF HOUSES – REGIONAL RESPONSES.....	7
FIGURE 4: “WHO LIVES IN YOUR HOUSE WITH YOU?”.....	8
FIGURE 5: CONSTRUCTION MATERIAL.....	10
FIGURE 6: MAIN REASON FOR HOUSE RENOVATION.....	11
FIGURE 7: AREAS TO BE RENOVATED.....	12
FIGURE 8: RESPONDENTS FOR CATEGORY OF RENOVATION EXPENDITURES FOR NEXT YEAR.....	12
FIGURE 9: RESPONDENTS FOR CATEGORY OF RENOVATION EXPENDITURES FOR NEXT FIVE YEARS.....	13
FIGURE 10: REASONS FOR BUILDING/REBUILDING OR PURCHASING HOUSE.....	14
FIGURE 11: PREFERRED MAIN STRUCTURAL MATERIAL FOR THE NEW HOME.....	15
FIGURE 12: SIZE OF NEW HOUSE.....	16
FIGURE 13: EXPECTED PRICE RANGE FOR THE NEW HOUSE.....	17
FIGURE 14: “WHERE DID HEAR ABOUT THE NEW LAW IN HOUSING QUALITY?” (N=121).....	19
FIGURE 15: KNOWLEDGE OF FOUR ASPECTS OF HQAL.....	20
FIGURE 16: SCALE OF ATTRIBUTE PREFERENCES.....	20
FIGURE 17: SCALE OF ATTRIBUTE PREFERENCES - REGIONAL RESPONSE.....	22
FIGURE 18: MOST IMPORTANT VARIABLES CONSIDERED WHEN PURCHASING/BUILDING A HOUSE.....	24
FIGURE 19: MOST IMPORTANT VARIABLES CONSIDERED WHEN PURCHASING/BUILDING A HOUSE – HOKKAIDO.....	25
FIGURE 20: MOST IMPORTANT VARIABLES CONSIDERED WHEN PURCHASING/BUILDING A HOUSE – KANTO.....	26
FIGURE 21: MOST IMPORTANT VARIABLES CONSIDERED WHEN PURCHASING/BUILDING A HOUSE – KANSAI.....	26
FIGURE 22: MOST IMPORTANT VARIABLES CONSIDERED WHEN PURCHASING/BUILDING A HOUSE – KYUSHU.....	27
FIGURE 23: LEVEL OF AGREEMENT WITH SPECIFIC STATEMENTS.....	30
FIGURE 24: AGE OF RESPONDENTS.....	31
FIGURE 25: LEVEL OF FORMAL EDUCATION COMPLETED BY RESPONDENTS.....	32
FIGURE 26: OCCUPATION OF HOUSEHOLD’S PRIMARY WAGE EARNER (N=361).....	33
FIGURE 27: TOTAL HOUSEHOLD INCOME IN 2001 FROM ALL SOURCES BEFORE TAXES (N=361).....	34

List of Tables

TABLE 1: REGIONS AND PREFECTURES OF RESPONDENTS	4
TABLE 2: COMPARISON OF TARGET SAMPLE AND TOTAL POPULATION BY URBAN REGION.....	4
TABLE 3: "WHO LIVES IN YOUR HOUSE WITH YOU?" – REGIONAL RESPONSE	8
TABLE 4: CURRENT HOME OWNERSHIP STATUS – REGIONAL RESPONSE.....	8
TABLE 5: TYPE OF DWELLING –RESPONSE BY REGION.....	9
TABLE 6: MAIN CONSTRUCTION MATERIAL – REGIONAL RESPONSES.....	10
TABLE 7: TIME FRAME FOR HOME RENOVATION – REGIONAL RESPONSES	11
TABLE 8: MAIN REASON FOR HOUSE RENOVATION – REGIONAL RESPONSES	11
TABLE 9: "PLANNING TO BUILD/REBUILD OR PURCHASE A HOUSE WITHIN 5 YEARS?" REGIONAL RESPONSE	14
TABLE 10: TYPE OF NEW HOUSE PREFERRED – REGIONAL RESPONSE	15
TABLE 11: PREFERRED MAIN STRUCTURAL MATERIAL FOR THE NEW HOME – REGIONAL RESPONSE	16
TABLE 12: SIZE OF THE NEW HOUSE – REGIONAL RESPONSE.....	16
TABLE 13: EXPECTED PRICE RANGE FOR THE NEW HOUSE – REGIONAL RESPONSE	17
TABLE 14: "WHO PARTICIPATES IN THE DECISION TO PURCHASE A NEW HOUSE?" – REGIONAL RESPONSE	18
TABLE 15: KNOWLEDGE ABOUT THE HOUSING QUALITY ASSURANCE LAW – REGIONAL RESPONSE	19
TABLE 16: "WHERE DID HEAR ABOUT THE NEW LAW IN HOUSING QUALITY?" – REGIONAL RESPONSE	19
TABLE 17: MINIMUM REQUIREMENTS FOR DURABILITY OF THE NEW HOUSE – REGIONAL RESPONSE.....	23
TABLE 18: EXPENDITURES (FROM ¥1 MILLION) FOR HOUSE IMPROVEMENTS (IN % OF TOTAL EXPENDITURES)	28
TABLE 19: EXPENDITURES IN EACH CATEGORY TO IMPROVE QUALITY OF LIFE (IN % OF TOTAL EXPENDITURES)....	28
TABLE 20: RELATIVE EXPENDITURES TO DECREASE RISK OF DEATH/INJURIES IN CASE OF EMERGENCIES.....	29
TABLE 21: RELATIVE EXPENDITURES TO IMPROVE EASE & COST OF MAINTENANCE (%)	29
TABLE 22: AGE OF RESPONDENTS – REGIONAL RESPONSE	31
TABLE 23: GENDER OF RESPONDENTS – REGIONAL RESPONSE	32
TABLE 24: LEVEL OF FORMAL EDUCATION COMPLETED BY RESPONDENTS – REGIONAL RESPONSES.....	33
TABLE 25: OCCUPATION OF HOUSEHOLD'S PRIMARY WAGE EARNER – REGIONAL RESPONSE.....	34
TABLE 26: TOTAL HOUSEHOLD INCOME IN 2001 FROM ALL SOURCES BEFORE TAXES – REGIONAL RESPONSE	35

1 INTRODUCTION

The Japanese residential construction sector is very attractive for any company involved in wood-based building activities. The market size (1.1 to 1.3 million houses/year) is comparable to that of the United States, with about 45% of all new houses being built with wood. This trend has been stable for the last 10 years (Building Centre of Japan 1998a).

Given the increasingly competitive nature of the market for building materials and products in Japan, exporters must develop a clear competitive advantage to remain a long-term profitable player in this increasingly complex market. The market is in a state of flux, due to extensive legal changes aimed at improving the overall quality of housing in Japan. Structural changes are taking place in the marketplace nowadays, reflecting the far-reaching impacts of these new legislative efforts (Cohen and Gaston 2001, Cohen et al. 2001).

Recent studies have indicated that the once homogeneous housing market in Japan is fragmenting into distinct segments. It may now be possible to enter the market with a tailored combination of price, location, product/service attributes and promotional efforts (marketing mix), specially designed to serve the needs of a specific group or groups of consumers. Dickson and Ginter (1987) call this strategy "segment-based product differentiation". While this is a common approach for consumer goods in developed countries, it is not common for building materials or products in Japan.

This large project looks at the Japanese residential homebuyer market with a focus on segmentation. It segments the Japanese house buying public into distinct groups and describes each group to facilitate tailoring products offerings to maximize both benefits to consumers and profits to suppliers.

Results are presented in two separate reports. This is the first preliminary report which summarizes the basic information collected from over 300 Japanese consumers from the targeted house buying demographic. The next report will use this information to segment the market and is targeted for completion by March 31, 2003. There is a wealth of information in this report however much of the detailed analysis and conclusions will be left to the final report on segmentation.

Results are reported based on current housing situation (Section 5), future purchase plans (Section 6), consumer knowledge of new housing legislation (Section 7), preferences for housing performance criteria (Section 8) and respondents profile (Section 9).

2 OBJECTIVES

The primary objective of this study is to identify market segments among Japanese residential homebuyers, according to their preferences (in purchasing decisions) for different performance characteristics of a house. These characteristics include the nine detailed in the Housing Quality Assurance Law of 2000.

The target of this market research was urban Japanese consumers likely to purchase a house within the next five years. Segmentation was accomplished by using a vast array of proven marketing scales to measure and quantify attitudes and perceptions towards housing performance characteristics.

This research also served to identify, through a review of the literature, major forces shaping Japanese residential housing market (economic, demographic, political and legal issues, among others) and their influences on wood-based residential construction. This information was used to design the survey and to select the target population for sampling. The specific objectives of this study are as follows:

1. To group Japanese residential homebuyers according to their preferences for particular performance characteristics of a house. These performance criteria were established by the Housing Quality Assurance Law (HQAL), enacted in April 2000. The use of these standardized criteria, available and applicable to the general public, makes the results of this study widely useful.
2. To profile these identified Japanese homebuyer groups, according to such factors as demographic and psychographic information and geographic location. These profiles provide useful information for the assessing the profitability of accessing these groups with tailored marketing mixes.
3. To outline market opportunities for Canadian exporters of wood-based building materials, products or services within the Japanese residential market segments determined in this study. These recommendations will be based on the comparison of the strengths of the Canadian wood-based building materials and the opportunities created by the existence of particular market segments among Japanese residential homebuyers.

The objective of this preliminary report is to provide basic information on the responses to the detailed survey prior to the final analysis and to report on the above three specific objectives.

3 BACKGROUND AND JUSTIFICATION

Amendments to Japanese construction ordinances, which represent a shift towards performance-oriented regulations, began to be enforced in June 2000. A new law establishing mandatory warranties (10-year defect-free warranties and construction completion warranties) was also put in place. This same law establishes a voluntary system for comparing the performance of a new house against a set of standards in nine critical areas (Japan Lumber Journal 1999a):

- Structural Performance
- Durability
- Energy Efficiency
- Acoustic Insulation
- Access for the Elderly and Impaired
- Fire Safety
- Ease of Maintenance
- Light Environment
- Indoor Air Quality

According to recent studies of Japanese homebuyers, it is apparent that significant segments that value different house performance characteristics exist (Cohen et al. 2001). Given the broad range of climatic differences, there is most likely a geographical component to segmentation. For instance, homebuyers in Hokkaido (in the cold northern part of Japan) are more likely to be concerned with energy efficiency compared to those in central Japan. As in all markets, demographic characteristic will also impact differences between market segments. Homebuyers planning to live with their parents, for example, may consider accessibility for wheelchairs and handrails to be important.

Identifying and understanding consumer segments in the Japanese residential market could enable Canadian exporters to customize their products and/or services to specific customer segments. This focused strategy would allow them to better satisfy their customers' needs and create a market advantage. It is cost prohibitive to provide a house (and its components) that meet the maximum level of each performance indicator.

4 METHODOLOGY

The population consisted of all potential homebuyers in Japan who were between 30 and 59 years of age and who lived in a major urban area. The age constraint was selected because this age group comprises the highest proportion of first-time homebuyers (Fuji Research Institute, 1997). The study concentrated on major urban areas which represent over 50% of annual housing starts (Lampert and Ikehata, 2000) and more than 60% of Japan's population (Japan Statistical Association, 1999). Table 1 shows the regions selected.

Table 1: Regions and prefectures of respondents

Region	Prefectures
Kanto	Tokyo, Saitama, Kanagawa, Chiba, Gumma, Tochigi, Ibaraki
Kansai	Nara, Shiga, Kyoto, Osaka, Hyogo, Wakayama
Kyushu	Fukuoka, Saga, Nagasaki, Oita, Miyazaki, Kumamoto, Kagoshima
Hokkaido	Hokkaido

Source: Japan Census Statistics, Statistics Bureau, Japan Statistical Association (1999)

Stratified random sampling ensured a geographically representative sample. The proportional breakdown of respondents and actual population (based on data from Table 1) are shown in Table 2.

Table 2: Comparison of target sample and total population by urban region

Region	Sample Size per Region and Proportion of the total sample	Actual Proportion of the 30-59 Population
Kanto	180 (50%)	50.9%
Kansai	90 (25%)	25.8%
Kyushu	60 (17%)	16.0%
Hokkaido	30 (8%)	7.2%
Total	360	100.0%

Source: Japan Census Statistics, Statistics Bureau, Japan Statistical Association (1999)

The survey instrument was prepared in English and translated into Japanese. The interview questionnaire was designed to take into account differences in consumer behaviour, decision-making processes, psychographics, lifestyles, and demographics (Malhotra, 1999). A Japanese marketing research consultant company (Space Miss) was retained to help in this process. This marketing research firm relies on personal interviews at central locations or facilities to collect consumer

Preliminary Assessment of Japanese Homebuyer Segments Survey

information. A glossary of terms, defining all of the nine HQAL performance indicators, was included along with the survey, as guidance for Space Miss personnel and for the convenience of respondents. Data was collected from 361 consumers between June 29th and July 22nd, 2001.

5 CURRENT HOUSING

5.1 EXISTING SITUATION

Location Figure 1 shows the location of the current primary residence of the 362 respondents. Fifty percent of the respondents have their primary residence located at Kanto and 25% have their primary residence in Kansai.

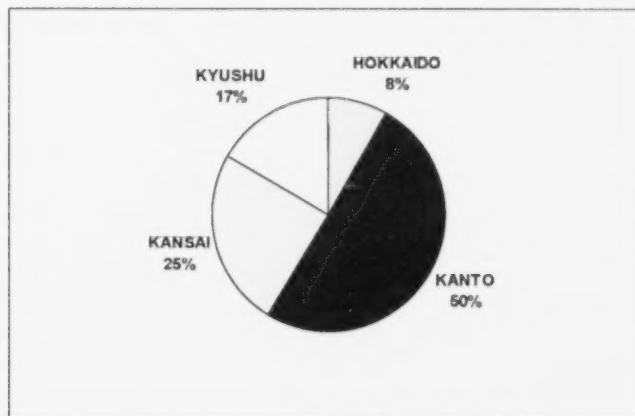


Figure 1: Location of current primary residence

Size Respondents were asked to indicate the floor area of their existing houses (Figure 2). The majority (57%) have a home with a floor area of between 46m^2 and 95m^2 (between 14 and 29 tsubo). When considering each region individually (Figure 3), Hokkaido was the only one that did not follow this pattern, with the most common areas being between 46m^2 and 70m^2 and between 96m^2 and 120m^2 (both categories accounted for 30% of the responses in this region).

Preliminary Assessment of Japanese Homebuyer Segments Survey

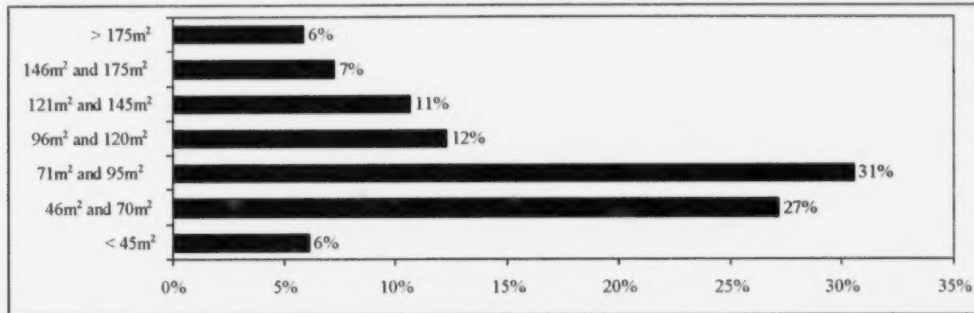


Figure 2: Approximate floor area of houses (1 tsubo $\cong$ 3.26 m²)

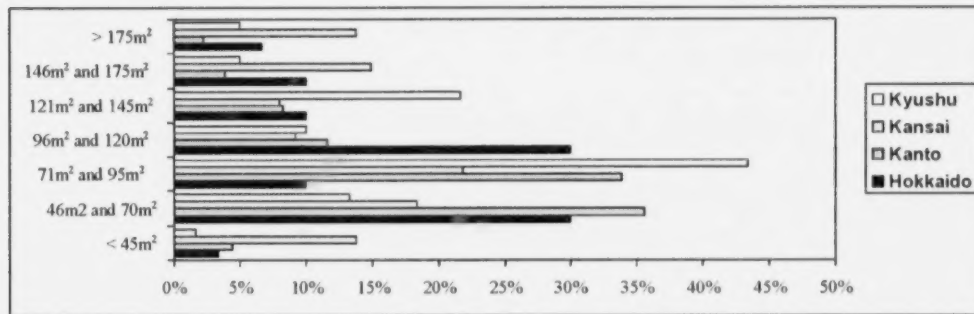


Figure 3: Approximate floor area of houses – regional responses

Inhabitants Most of the respondents (87%) live with their spouse/partner and 73% live with their children. There were two children per household, on average. Figure 4 shows responses for all respondents and Table 3 lists responses for each region. It is interesting to note that in all regions but Kanto, more than 10% of the respondents already live with their parents.

Preliminary Assessment of Japanese Homebuyer Segments Survey

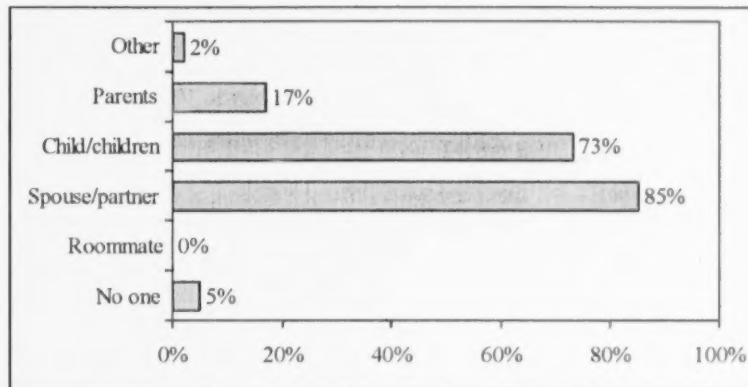


Figure 4: "Who lives in your house with you?"

Table 3: "Who lives in your house with you?" – regional response

	HOKKAIDO n = 66	KANTO n = 357	KANSAI n = 129	KYUSHU n = 112
No one	0%	0%	10%	4%
A roommate	0%	0%	0%	0%
My spouse/partner	45%	50%	42%	43%
My child/children	42%	45%	26%	40%
My parents	12%	4%	19%	12%
Other	0%	1%	3%	2%

Regarding home ownership status, 50% of the respondents already own the house that they live in, 30% rent their homes and 10% live in their parents' house. All four regions showed this same response pattern of home ownership (Table 4).

Table 4: Current home ownership status – regional response

	HOKKAIDO n = 30	KANTO n = 182	KANSAI n = 90	KYUSHU n = 60
Living with parents	10%	7%	20%	8%
Renting	30%	27%	32%	38%
Own	40%	53%	46%	45%
Own with parents, relatives, friends or other ⁽¹⁾	10%	6%	2%	0%
Other ⁽²⁾	10%	7%	0%	8%

⁽¹⁾ Land owned by parents, house by self, owned with grandmother, owned with brother, co-signed by parents;

⁽²⁾ Company house

Dwelling Type Fifty two percent of respondents lived in apartments, 43% in detached houses and 3% in townhouses with the other 2% in "other". When each region is considered separately, Hokkaido (60%) and Kansai (49%) have most of the respondents living in detached houses instead of apartments (Table 5).

Table 5: Type of dwelling –response by region

	HOKKAIDO n = 30	KANTO n = 182	KANSAI n = 90	KYUSHU n = 60
Apartment	33%	59%	43%	53%
Detached House	60%	36%	49%	45%
Townhouse	3%	3%	4%	2%
Other ⁽¹⁾	3%	1%	3%	0%

⁽¹⁾ Two-generation house, four story building (owned), one part only is shared, heritage property, etc.

Construction Method and Material Half of the respondents stated that traditional Japanese construction is the type of construction system used in their current dwelling, while 6% indicated the 2 by 4 system. Over 40 % were not sure or did not know what type of construction system was used in their homes. There were no regional differences in this question.

Forty eight percent of the respondents stated that concrete is the main construction material used in their houses while 40% of the respondents stated that wood is the main material used (Figure 5). This corresponds with the proportion of houses that are apartments (mostly concrete) and detached houses (mostly wood). Except for Hokkaido, all other regions had the same response pattern with concrete being the most used construction material followed by wood. In Hokkaido, 73% of the respondents stated that wood is the main construction material used in their houses (Table 6).

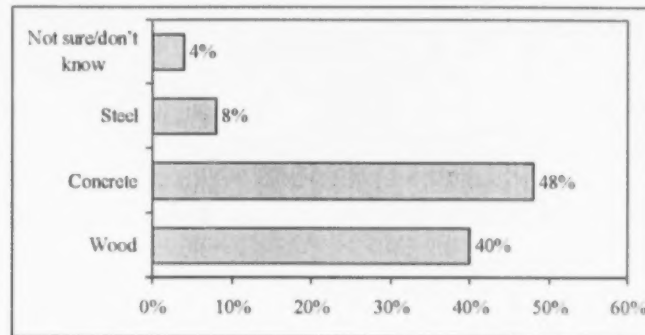


Figure 5: Construction material

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 90	<i>KYUSHU</i> n = 60
Wood	73%	34%	41%	43%
Concrete	17%	53%	44%	52%
Steel	0%	9%	11%	2%
Not sure/don't know	10%	4%	3%	3%

Table 6: Main construction material – regional responses

5.2 PLANNED HOUSE RENOVATIONS

When asked if they were planning any major renovations in their houses within the next five years, 15% of the respondents said *yes* and 85% said *no*. Hokkaido (30%) and Kanto (20%) had the greatest proportion of respondents planning renovations. Kyushu (8%) and Kansai (3%) had the lowest rate of the respondents planning major renovations in the next five years.

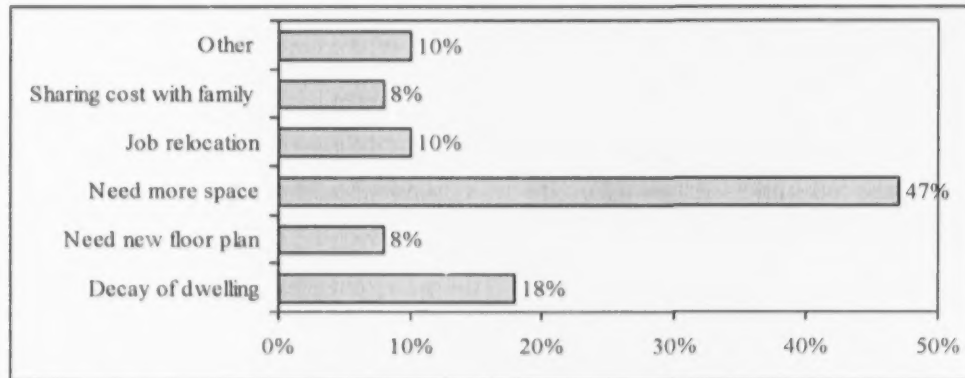
When Of the respondents planning major house renovations, the vast majority (83%) did not plan to undertake these renovations for at least 3 years, while only 8% intend to do these renovations within the next six months. Regional results are shown in Table 7 but only responses from Kanto and Hokkaido are meaningful due to response rates. Even in these regions, very few respondents expect to undertake home renovations in the next two years.

Preliminary Assessment of Japanese Homebuyer Segments Survey

Table 7: Time frame for home renovation – regional responses

	<i>HOKKAIDO</i> n = 9	<i>KANTO</i> n = 28	<i>KANSAI</i> n = 2	<i>KYUSHU</i> n = 4
Six Months	0%	9%	33%	0%
One Year	0%	9%	0%	0%
Two years	0%	3%	0%	20%
Five years	100%	80%	67%	80%

Why The majority of the 53 respondents who were planning on renovating their houses indicated that the main reasons were to add new amenities (53%) or to remedy decay within their current dwellings (40%) (Figure 6). There were regional differences, with Kanto being the only region to follow the general pattern of total responses (Table 8). In Hokkaido, the necessity to add new amenities to the house was most important while in Kyushu, building decay was the main driver for renovations.



Note: Respondents could select more than one response.

Figure 6: Main reason for house renovation

Table 8: Main reason for house renovation – regional responses

	<i>HOKKAIDO</i> n = 12	<i>KANTO</i> n = 43	<i>KANSAI</i> n = 4	<i>KYUSHU</i> N = 3
Decay of current dwelling	25%	33%	25%	50%
Need more space for family	8%	5%	25%	17%
Want to renovate floor plan	25%	16%	0%	0%
Want to add new amenities	42%	47%	25%	33%
Other ⁽¹⁾	0%	0%	25%	0%

Where Most of the respondents are planning to renovate kitchen/dining areas (53%) and the bathroom/vanity/toilet areas (43%) (Figure 5-10). All four regions had the same pattern of responses.

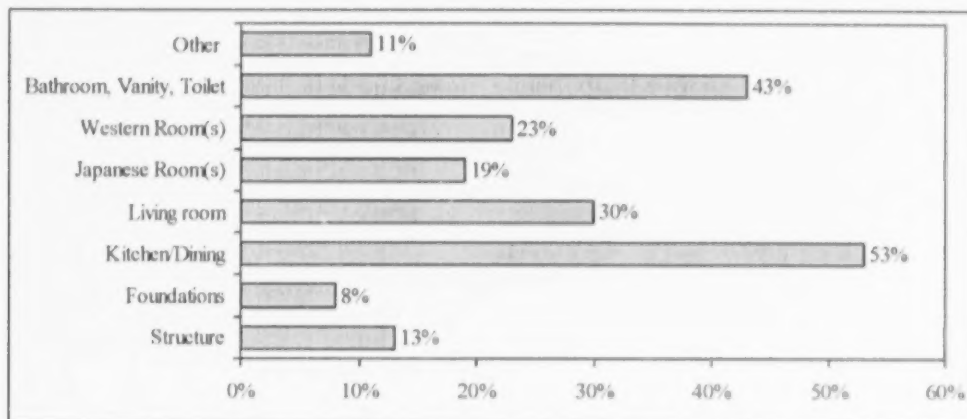


Figure 7: Areas to be renovated

Expenditures Respondents from Kansai plan to spend the greatest average amount of money on renovation in the next year (Figure 8). However, Kansai is the only region in which respondents do not plan to spend any money on house renovations within the next five years (Figure 9).

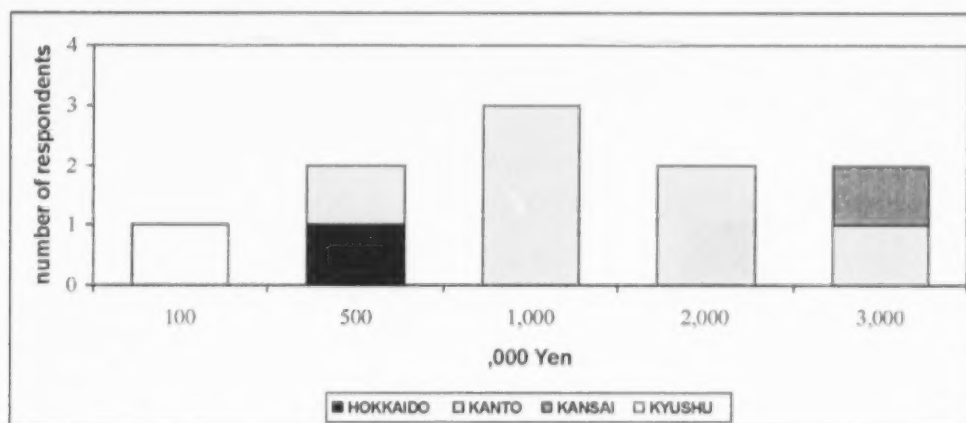


Figure 8: Respondents for category of renovation expenditures for next year

Preliminary Assessment of Japanese Homebuyer Segments Survey

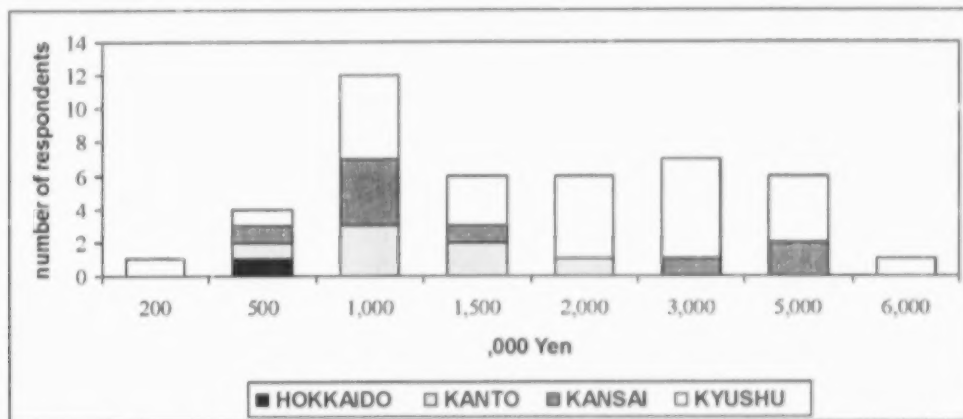


Figure 9: Respondents for category of renovation expenditures for next five years

6 FUTURE HOME PURCHASING PLANS

6.1 INTENT TO BUILD OR PURCHASE A HOUSE

Twenty one percent of the respondents stated that they are planning to build/rebuild or purchase a house within five years. Responses from Kanto, Kansai, and Kyushu were similar to the total responses in all four regions. However, in Hokkaido, 43% of the respondents were planning to build/rebuild or purchase a house within the next five years (Table 9).

Table 9: "Planning to build/rebuild or purchase a house within 5 years?" regional response

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 90	<i>KYUSHU</i> n = 60
Yes	43%	21%	16%	17%
No	57%	79%	84%	83%

Why From the 90 respondents intending to build/rebuild or buy a house within five years, 47% consider the need for more space as a reason for doing so (Figure 10). Decay of current dwelling was the second most indicated reason for investing in a new home (18%). Regional responses were very similar to the total responses for all regions, with the need for more space being the most common reason for building/rebuilding or purchasing a new house and decay of current dwelling being the second most common reason.

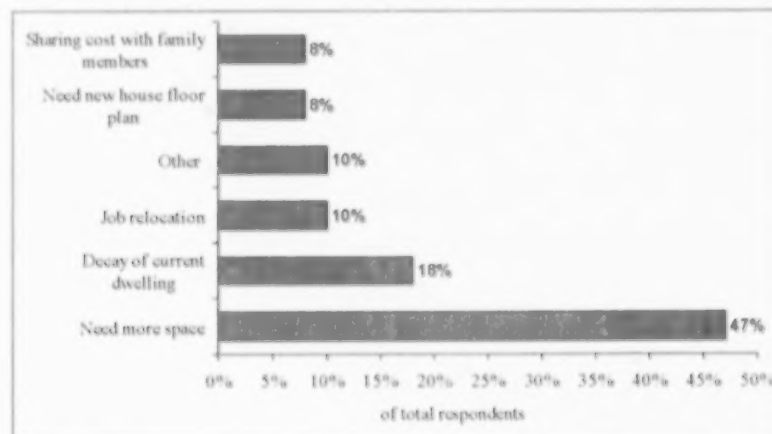


Figure 10: Reasons for building/rebuilding or purchasing house

When Like the renovation responses, most respondents (68%) expect to build/rebuild or purchase a new home towards the end of the next five year period. Only 16% of the 90 respondents who planned on a new house were going to act within the next two years. All four regions followed this same response pattern.

6.2 NEW HOUSE CHARACTERISTICS

The majority of respondents (72%) planning on a new house within the next five years preferred a detached house while only 27% indicated a preference for an apartment. Except for Kyushu, where half of the respondents prefer a detached house and the other half prefer an apartment, the other three regions stated that a detached house is their main preference for a new house (Table 10).

Table 10: Type of new house preferred – regional response

	<i>HOKKAIDO</i> n = 13	<i>KANTO</i> n = 38	<i>KANSAI</i> n = 14	<i>KYUSHU</i> n = 10
An apartment	8%	24%	36%	50%
A detached house	92%	74%	64%	50%
A townhouse	0%	0%	0%	0%
Other	0%	3%	0%	0%

Material Wood had a slightly higher preference rating (41%) than steel (40%) as the main structural material used in Japanese houses (Figure 11). However, Hokkaido is the only region that followed this response pattern, with 71% of the respondents preferring wood to other materials. In the other three regions, approximately half of the respondents prefer steel as main the structural material for their new homes. Between 30% and 40% of the respondents prefer wood to steel (Table 11).

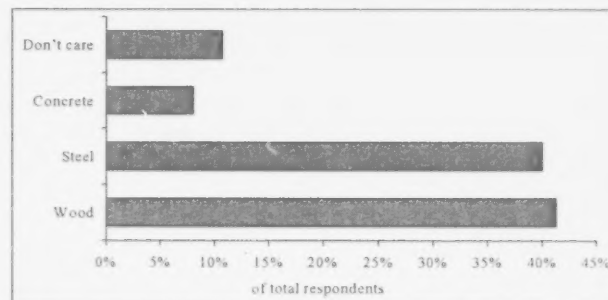


Figure 11: Preferred main structural material for the new home

	<i>HOKKAIDO</i>	<i>KANTO</i>	<i>KANSAI</i>	<i>KYUSHU</i>
	n = 13	n = 38	n = 14	n = 10
Wood	77%	34%	29%	40%
Steel	15%	42%	50%	50%
Concrete	0%	11%	7%	10%
Don't care	8%	13%	14%	0%

Table 11: Preferred main structural material for the new home – regional response

Size Of the respondents planning to build/rebuild or buy a house, 32% are planning to build or purchase one that is between 96m² and 120m² (or 29.1 and 36 tsubo), while 28% are planning an area of between 71m² and 95 m² (or 21.1 and 29 tsubo) (Figure 12). Respondents in Hokkaido and Kanto followed this response pattern regarding larger houses. However, in Kansai and Kyushu the responses were the opposite. Forty three percent of respondents in Kansai and 60% in Kyushu stated that the area of their new house should be between 71m² and 95m² (or 21.1 and 29 tsubo) (Table 12).

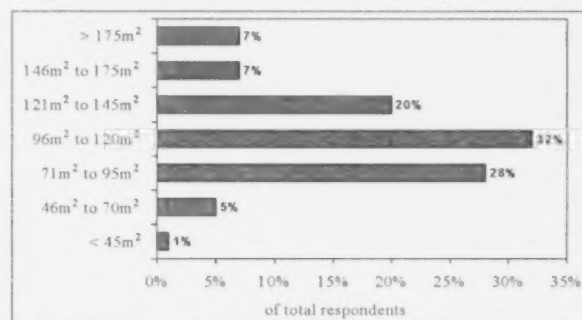


Figure 12: Size of new house

Table 12: Size of the new house – regional response

	<i>HOKKAIDO</i>	<i>KANTO</i>	<i>KANSAI</i>	<i>KYUSHU</i>
	n = 13	n = 38	n = 14	n = 10
Less than 45m ²	8%	0%	0%	0%
Between 46m ² and 70m ²	15%	3%	0%	10%
Between 71m ² and 95m ²	0%	24%	43%	60%
Between 96m ² and 120m ²	38%	42%	21%	0%
Between 121m ² and 145m ²	23%	21%	21%	10%
Between 146m ² and 175m ²	15%	5%	7%	0%
More than 175m ²	0%	5%	7%	20%

More than half of the respondents (64%) prefer a suburban area for their new house, while 32% prefer to live in downtown. Only 4% preferred a rural location. This response pattern was seen in all regions.

6.3 PAYING FOR THE NEW HOUSE

An almost equal number of respondents indicated that they expected to pay more than ¥40 million (\$CAN 533,000) (28%) and between ¥30 (\$CAN 400,000) and ¥40 million (27%) (Figure 13).

Responses varied greatly among regions, with Hokkaido having the lowest expected price range with 62% of its respondents expecting to pay between ¥10.1 and ¥20 million for a new house. Kanto has the highest expected price range; thirty nine percent of its respondents expect to pay more than ¥40 million for a new house (see Table 13).

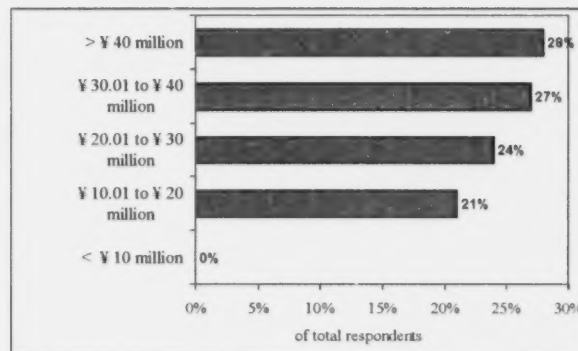


Figure 13: Expected price range for the new house

Table 13: Expected price range for the new house – regional response

	HOKKAIDO n = 13	KANTO n = 38	KANSAI n = 14	KYUSHU n = 10
Below ¥10 million	0%	0%	0%	0%
¥10.01 to ¥ 20 million	62%	13%	7%	20%
¥20.01 to ¥30 million	23%	24%	36%	10%
¥30.01 to ¥ 40 million	15%	24%	36%	40%
More than ¥40 million	0%	39%	21%	30%

Land More than 40% of the respondents intend to purchase the land where their new house will be located together with the house. Twenty four percent will not need land because they intend to buy an apartment. An equal number of respondents (22%) either already own the land where they intend to build their houses or will build a house on land owned by their families. The remaining 5% have

already purchased land for house building. Except for Kansai, where most of the respondents intend to buy an apartment, all other regions follow this response pattern.

Payment for House Respondents expect to pay for 43% of the cost their new house from personal savings. Kanto (47%), Kansai (47%) and Kyushu (42%) had very similar responses. However in Hokkaido, respondents expected to pay only 28% of the cost from their savings, on average.

Purchase Decision The majority of respondents (73%) indicated that the decision to buy a new house is made with the spouse/partner. Parents were involved in the decision for 19% of respondents. Only 5% of respondents indicated that an individual made the purchase decision alone. There was little difference between regions except that parents were more heavily involved in Kanto (25%) and less heavily involved in Kansai (6%) and Kyushu (9%) (Table 14).

Table 14: "Who participates in the decision to purchase a new house?" – regional response

	HOKKAIDO n = 17	KANTO n = 56	KANSAI n = 17	KYUSHU n = 11
Myself	6%	5%	6%	0%
Spouse/ partner	76%	68%	76%	91%
Parents	18%	25%	6%	9%
Other family members	0%	0%	6%	0%
Other ⁽¹⁾	0%	2%	6%	0%
⁽¹⁾ Children				

7 NEW LEGISLATION IN JAPAN

The majority of respondents (77%) have not heard about the Housing Quality Assurance Law (HQAL). Results are consistent across regions (Table 15).

Table 15: Knowledge about the Housing Quality Assurance Law – regional response

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 90	<i>KYUSHU</i> n = 60
Yes	23%	27%	18%	15%
No	77%	73%	82%	85%

For those respondents who have heard about the HQAL, 28% heard about it on TV, 26% from private company brochure/flyers, and 25% from private company newspaper ad (Figure 14). TV was the most efficient way of communicating in Hokkaido (50%) and Kanto (31%). Private company flyers/brochures were more frequent in Kansai (35%) (Table 16).

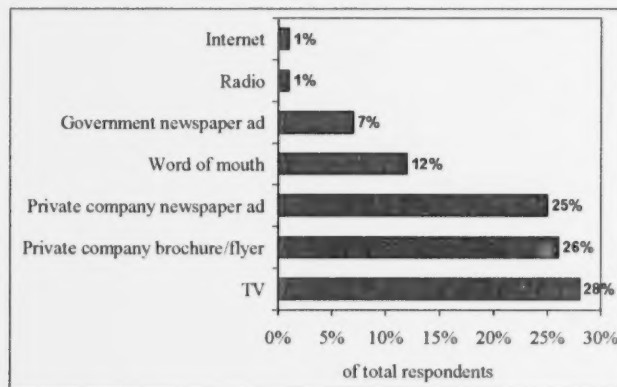


Figure 14: "Where did hear about the new law in housing quality?" (n=121)

Table 16: "Where did hear about the new law in housing quality?" – regional response

	<i>HOKKAIDO</i> n = 8	<i>KANTO</i> n = 74	<i>KANSAI</i> n = 26	<i>KYUSHU</i> n = 13
TV	50%	31%	15%	23%
Government newspaper ad	0%	7%	8%	15%
Private company newspaper ad	13%	26%	27%	23%
Private company brochure/flyer	25%	23%	35%	23%
Radio	0%	1%	0%	0%
Internet	0%	0%	4%	0%
Word of mouth	13%	12%	12%	15%

Preliminary Assessment of Japanese Homebuyer Segments Survey

Respondents were asked to rate their level of knowledge on four aspects of the HQAL on a scale from 1 to 5, with 1 being "Know a great deal" and 5 being "Know nothing at all". Responses show a lack of knowledge about all four aspects of the HQAL: 10 year builder guarantee against structural defects (average of 3.0); mandatory construction completion guarantee by the builder (average was 3.4); dispute resolution bodies (average was 4.0); and voluntary "Housing Performance Indication Standards" (average was 3.7). Specific responses are shown in Figure 15.

Figure 15: Knowledge of four aspects of HQAL

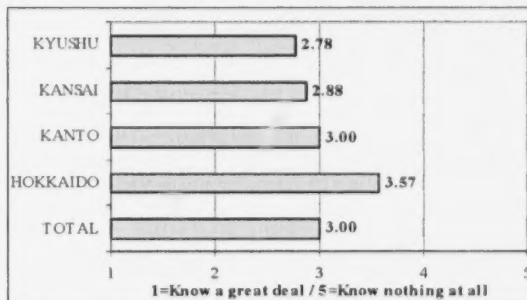


Figure 15a: Average knowledge about the "mandatory 10-year builder guarantee against structural defects" (n = 82).

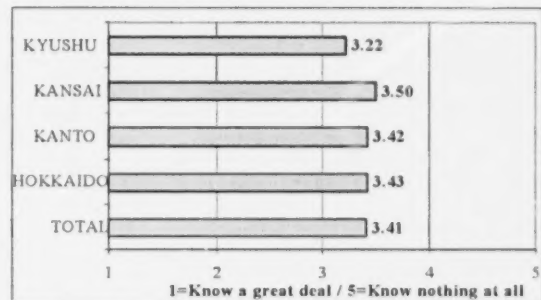


Figure 15b: Average knowledge about "mandatory construction completion guarantee" (n = 82).

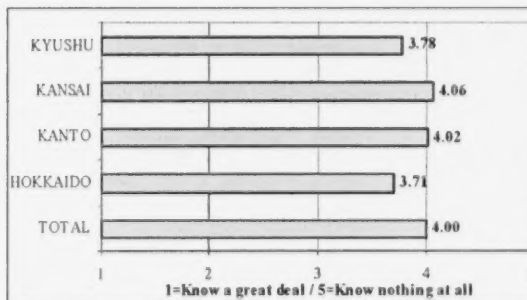


Figure 15c: Average knowledge about "dispute resolution bodies" (n = 82).

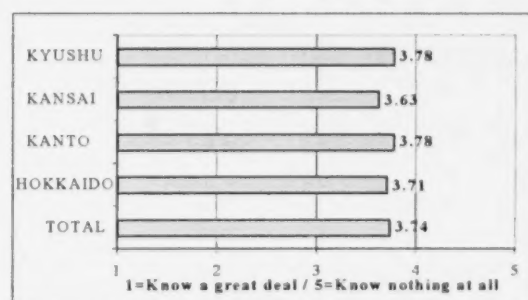


Figure 15d: Average knowledge about "Housing Performance Indication Standards" (n = 82).

8 HOUSING PERFORMANCE INDICATORS

8.1 PREFERENCE FOR PERFORMANCE INDICATORS

The nine performance indicators were listed in pairs for comparison. All possible paired combinations of the attributes were presented and respondents were asked to choose the most preferable performance

attribute in each pair. The choice was based on what they would like to improve in their homes assuming that their homes met all of the minimum requirements established by the Building Standard Law of Japan.

The data were analysed using paired-comparison scaling methods developed by L. L. Thurstone. The results for all respondents are presented in Figure 16 and regional results are shown in Figure 17. The scale shows the rank of the preferred attributes as well as the relative distances among the attributes. Beginning at the origin, which is assigned to the number-one ranked attribute, the scale distance of each attribute is found from its cumulative distance from the origin.

The attribute structural integrity (the origin of the scale) was the most preferred when considering all regions (Figure 16). In second place is durability, which is followed closely by fire resistance and by indoor air quality. The advantage of using this scale is that the distance between attributes has meaning, unlike ranking. Therefore there is little difference between the preference for durability and fire resistance. However, there is much greater difference in the preference for natural light and indoor air quality. The attributes barrier-free design and energy efficiency were the least preferred coming in eighth and ninth place, respectively. However, while these were the least preferred attributes, they did rank above the lowest possible level indicating that some segments have a relatively high preference for these characteristics.

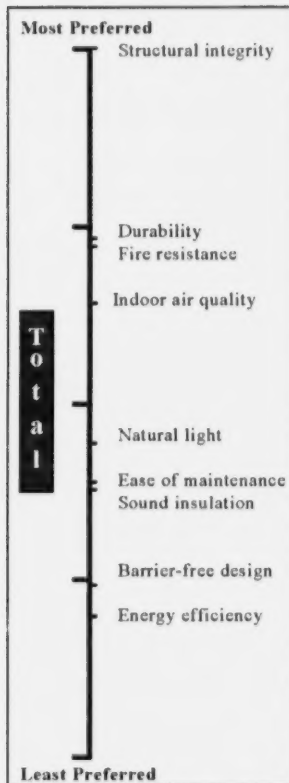


Figure 16: Scale of attribute preferences

Figure 17 shows that each region has the same top four attributes despite variations within the rank order and distances between the attributes. These variations are important. For example, in Kansai the preference for improved indoor air quality is greater than in Kanto even though they both are in the top four for each region.

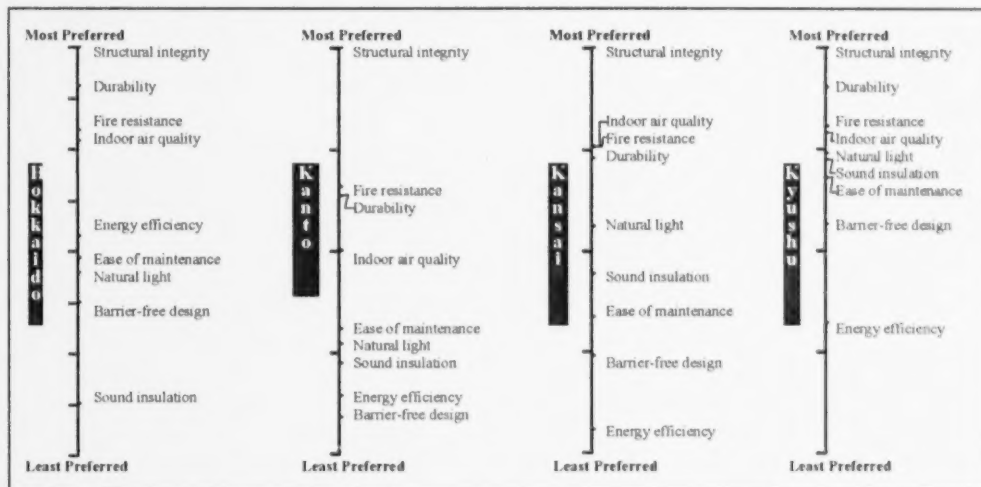


Figure 17: Scale of attribute preferences - regional response

In Kyushu, there is a much tighter grouping of "environmental" characteristics (air quality, light, and sound insulation) than in other regions. In Hokkaido, energy efficiency is much more important than in any other region. Space and time limit the analysis of these results, but readers are encouraged to examine Figures 16 and 17 to develop and promote appropriate materials, products and building systems to best meet consumer preferences in the different regions of Japan.

8.2 MINIMUM PERFORMANCE ATTRIBUTES REQUIRED

Respondents were presented with three categories of housing performance attributes: energy saving, durability, and barrier-free design for the elderly and the impaired. Respondents were then asked about the minimum performance level they would require in their new homes.

Energy Saving For the attribute energy saving, respondents were asked about location and thickness of insulation, window requirement and need for airtight construction. The majority of respondents (59%) stated that they would require the ceiling and exterior insulation to be thick and 11% wanted it to be very thick. Most of the remaining 30% would accept moderate insulation. There were few regional differences, but the levels of importance are different (see Figure 17).

The majority of respondents required double sash windows (72%), with a small number (4%) requiring triple sash. The remaining 24% would be satisfied with single sash windows. The majority (73%)

required airtight construction. What is most interesting is that a sizable minority preferred non-airtight construction despite the official policies in Japan promoting airtight housing.

Durability The majority of respondents (70%) indicated that they expected their house to last at least two generations (>50 years). This is much longer than the current average lifespan of houses in Japan which generally last only a single generation (the preference of 13% of respondents). It should be noted that the main reason for building/purchasing a new house was lack of space – a design and not a performance characteristic (Figure 10). There was a sizeable minority (17%) who had minimum requirements for a three generation house. This was highest in Hokkaido, where 23% of respondents expected a three generation house while only 12% did so in Kyushu (see Table 17).

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 181	<i>KANSAI</i> N = 90	<i>KYUSHU</i> n = 60
One generation	13%	10%	21%	10%
Two generations	63%	71%	63%	78%
Three generations	23%	18%	16%	12%

Table 17: Minimum requirements for durability of the new house – regional response

Barrier Free and Other Age Specific Characteristics In the barrier-free design for the elderly and the impaired attribute, 72% of the respondents stated that they require the daily living facilities (bedroom, toilet, and bathroom) located on the same floor and an additional 19% expected to have an elevator available. This means that a total of 91% of the respondents expected movement between floors to be usable by the elderly. Only 9% would accept these amenities located on different floors. The majority (84%) required passages and entrances to be at least 1.1m wide, with the remainder wanting them at least 0.75m wide.

Handrails were expected in the bedroom, stairs and corridors, bathrooms and toilets by 71% of respondents. Only 2% expected no handrails and the remainder expected handrails in all rooms, stairs and corridors. Half of the respondents required the bedroom for elderly/impaired to be at least 9m² and two thirds required easy wheelchair access.

8.3 IMPORTANCE OF ATTRIBUTES WHEN BUYING/BUILDING A HOUSE

Respondents were asked to rank the three most important factors in deciding to purchase a house. To facilitate comparisons, rankings were transformed into evaluation points by assigning three points to the most important factor, two points to the second most important factor, and one point to the third. While this is an arbitrary scale, it does produce a useful means of facilitating comparisons.

For all respondents, price range was considered the most important variable when purchasing/building a house (Figure 18). Following price were a closely grouped set of factors, including proximity to a train station, structural integrity, access to natural light and security of neighbourhood. It is interesting to note that price and location were the most important criteria, a seemingly universal concern of house purchasers. It is also interesting to note the relatively low level of importance of some of the nine HQAL performance criteria (such as energy efficiency or indoor air quality) relative to factors that have little to do with the construction of the house (such as size of plot of land, neighbourhood prestige and ease of maintenance).

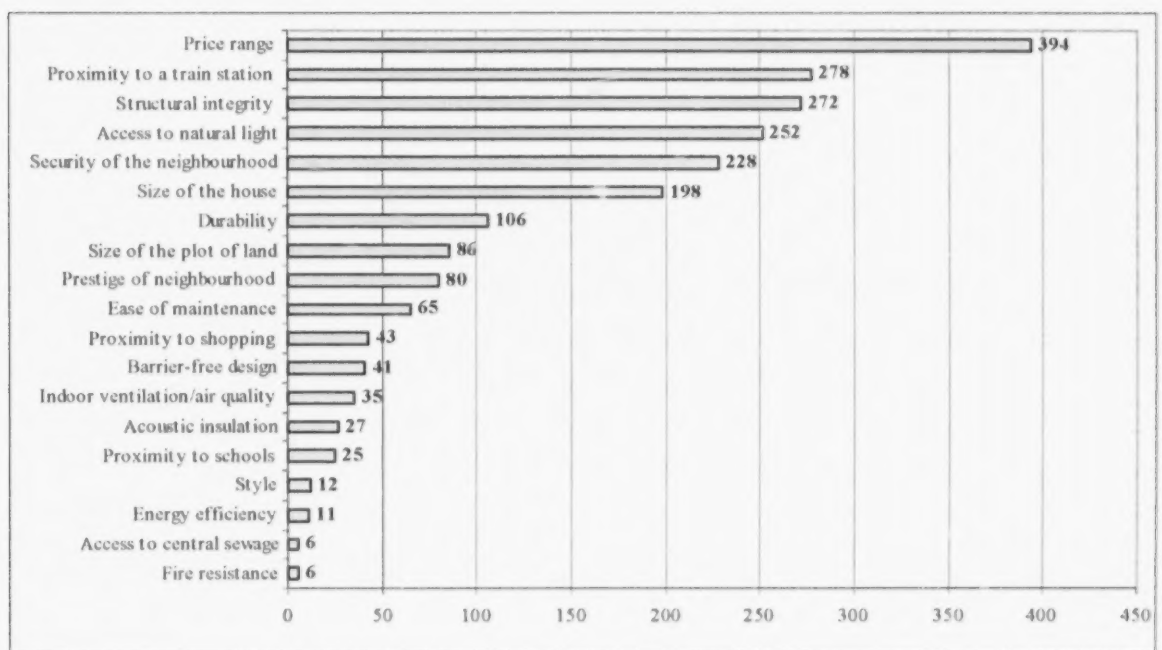


Figure 18: Most important variables considered when purchasing/building a house

Preliminary Assessment of Japanese Homebuyer Segments Survey

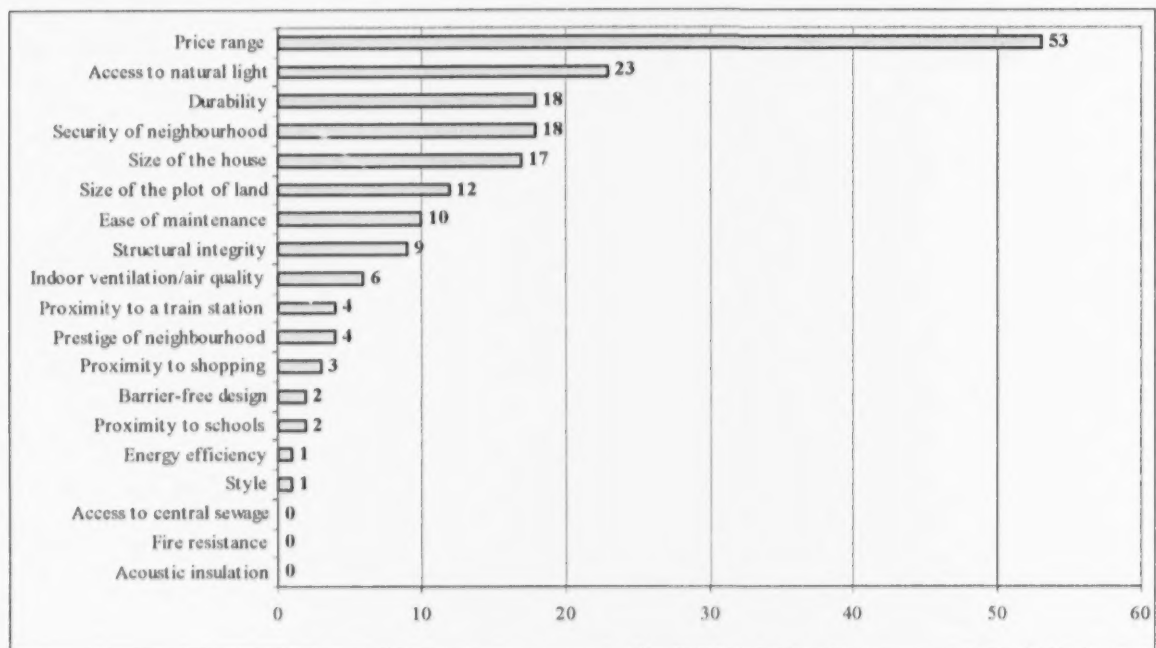


Figure 19: Most important variables considered when purchasing/building a house – Hokkaido

Regional results are presented with brief comments on each region. In Hokkaido energy efficiency ranked very low despite the harsh winter climate while access to natural light and size of house ranked very high (Figure 19).

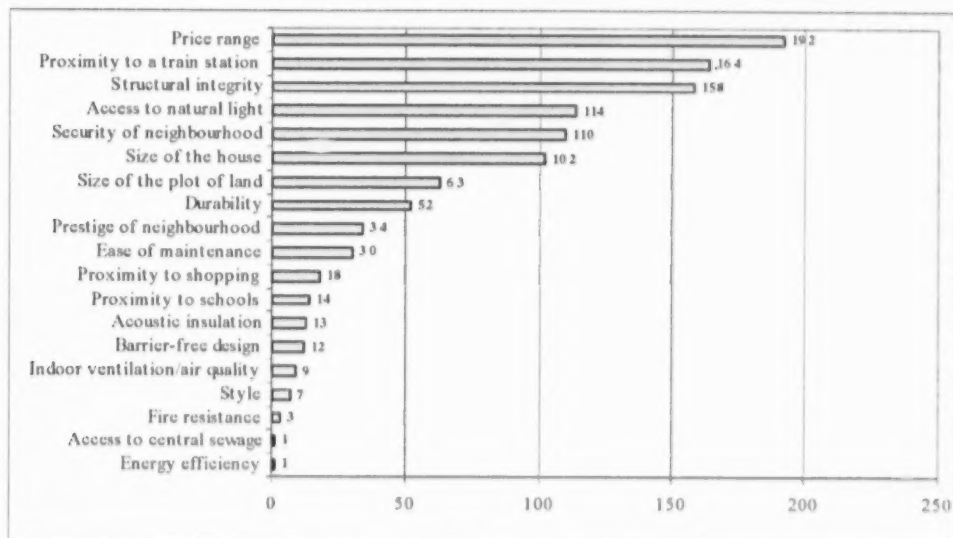


Figure 20: Most important variables considered when purchasing/building a house – Kanto
In Kanto, proximity to train station and structural integrity ranked very highly, while many of the environmental aspects were ranked relatively low (Figure 20).

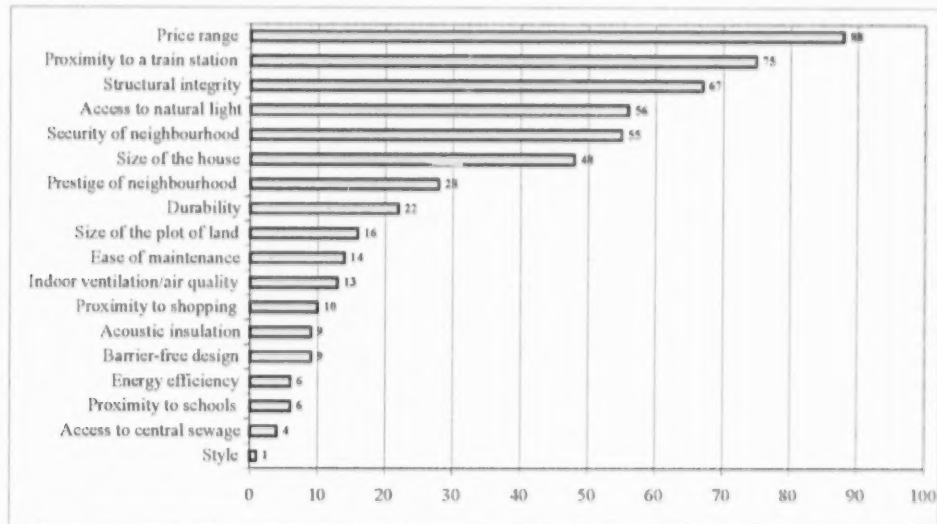


Figure 21: Most important variables considered when purchasing/building a house – Kansai
Results for Kansai (Figure 21) were very similar to those of Kanto. However, in Kyushu (Figure 22) barrier free design ranked higher than in the other regions.

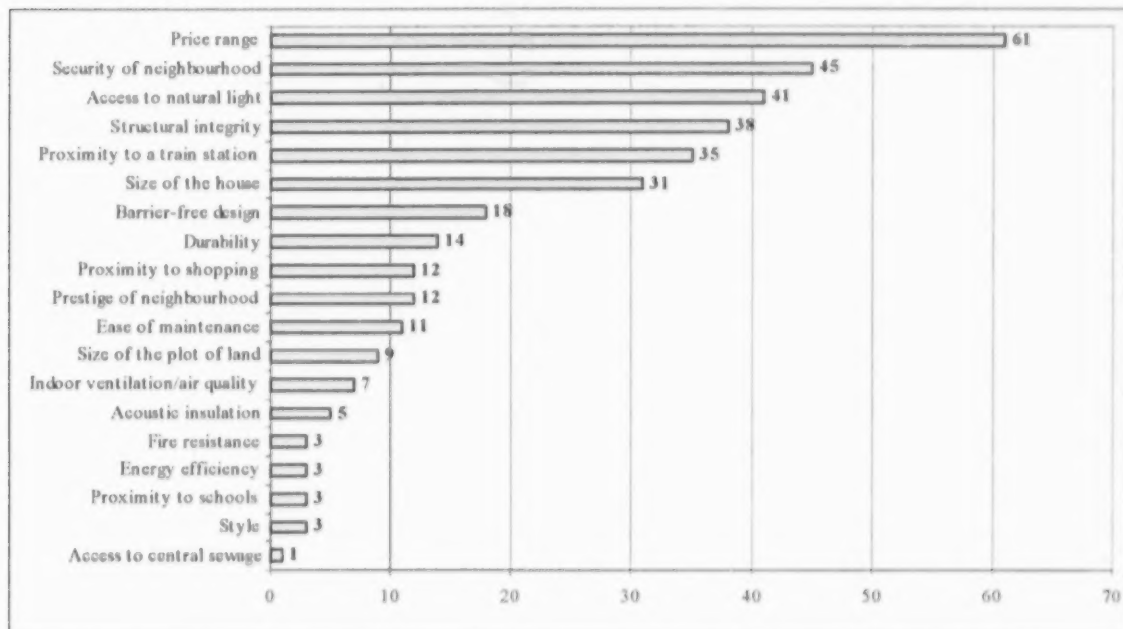


Figure 22: Most important variables considered when purchasing/building a house – Kyushu

8.4 ALLOCATING FUNDS ON HOUSE IMPROVEMENTS

Respondents were asked about how they would allocate ¥1 million on house improvements, if available. Respondents were asked to first allocate their funds among three categories of expenditures and then break down expenditures within each category. The three categories were: 1) improving quality of life; 2) decreasing the risk of injuries/death in case of emergencies (fire, earthquakes); and 3) improving the ease and cost of maintenance (durability and general maintenance). Slightly less than half of all expenditures would go towards improving quality of life (see Table 18).

Table 18: Expenditures (from ¥1 million) for house improvements (in % of total expenditures)

	<i>TOTAL</i> n = 302	<i>HOKKAIDO</i> n = 25	<i>KANTO</i> n = 148	<i>KANSAI</i> N = 74	<i>KYUSHU</i> n = 55
Improving my quality of life	43%	40%	44%	42%	44%
Decreasing risk of injuries/death in case of emergencies	28%	30%	28%	29%	27%
Improving maintenance	28%	30%	28%	29%	28%

The same question was made specifically for each category of home improvement presented above. In the case of quality of life, the following four categories were listed for fund allocation: light, acoustics, indoor air quality, and barrier-free design. Results in Table 19 indicate a fairly even split between all four categories.

Table 19: Expenditures in each category to improve quality of life (in % of total expenditures)

	<i>TOTAL</i> n = 314	<i>HOKKAIDO</i> n = 26	<i>KANTO</i> n = 152	<i>KANSAI</i> N = 82	<i>KYUSHU</i> n = 54
Towards improving indoor air quality	26%	26%	26%	26%	27%
Towards improving the rooms' acoustic insulation	24%	19%	24%	26%	23%
Towards improving the indoor amount of natural light available	25%	26%	25%	25%	24%
Towards improving the access to the elderly and the impaired	25%	29%	25%	23%	26%

When asked how they would allocate ¥1 million in two categories of home improvement which decreased the possibilities of injuries/death in the event of an emergency, respondents stated that they would spend slightly more (56%) on improving the structural integrity of the house relative to improving fire safety (Table 20).

Table 20: Relative expenditures to decrease risk of death/injuries in case of emergencies.

	<i>TOTAL</i> <i>n = 347</i>	<i>HOKKAIDO</i> <i>n = 28</i>	<i>KANTO</i> <i>n = 175</i>	<i>KANSAI</i> <i>N = 85</i>	<i>KYUSHU</i> <i>n = 59</i>
Towards improving the structural integrity of the house	56%	56%	57%	55%	55%
Towards improving the fire safety/resistance of the house	44%	44%	43%	45%	45%

Lastly, respondents would spend more funds to improve durability than either improving energy efficiency or maintenance to improve the ease and cost of maintenance of their house (Table 21).

Table 21: Relative expenditures to improve ease & cost of maintenance (%)

	<i>TOTAL</i> <i>n = 330</i>	<i>HOKKAIDO</i> <i>n = 28</i>	<i>KANTO</i> <i>n = 164</i>	<i>KANSAI</i> <i>N = 83</i>	<i>KYUSHU</i> <i>n = 55</i>
Towards improving the house durability	40%	39%	41%	39%	39%
Towards improving the energy efficiency	31%	32%	32%	31%	30%
Towards improving the ease of maintenance and management	28%	29%	27%	30%	31%

8.5 ATTITUDES TOWARDS HOUSE ATTRIBUTES

Respondents were presented with 29 statements pertaining to housing, house attributes and general beliefs. They were asked to identify their level of agreement with each statement on a five-point Likert scale varying from "1 = strongly agree" to "5 = strongly disagree". On average, respondents *strongly agree* with the following statements (Figure 23):

- Preserving the environment is of the utmost importance to me.
- Current logging practices are a serious threat to the world's environment.
- The structural strength of the house is its most important feature.
- I will deal with barrier-free design when I grow older.
- I have heard about wood adhesive fumes and I am very worried about them.
- I prefer reading and working with natural light during the day.
- Noisy neighbours are a great annoyance.

Figure 23 shows average level of agreement for all statements. Responses were similar across all regions.

Preliminary Assessment of Japanese Homebuyer Segments Survey

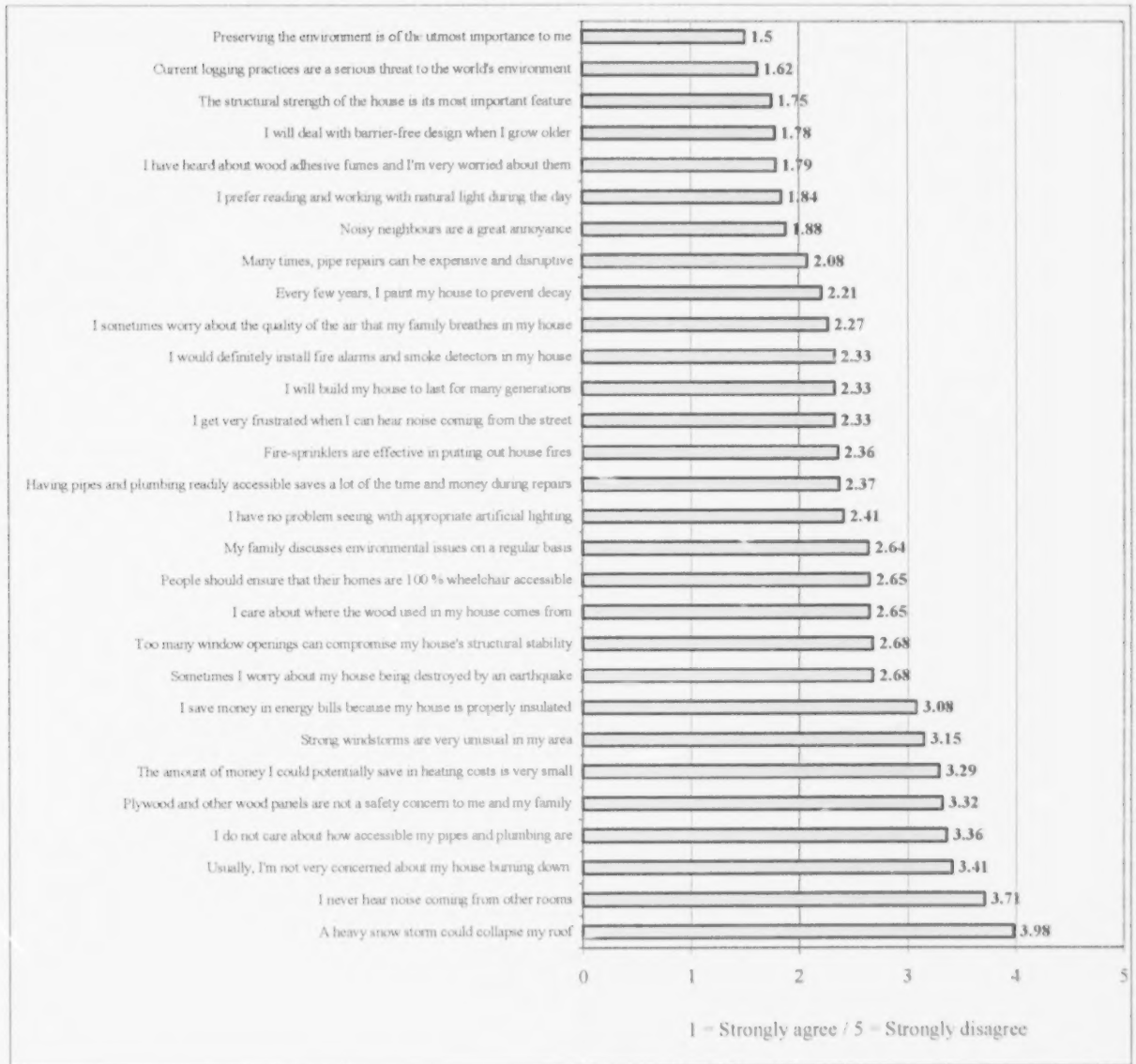


Figure 23: Level of agreement with specific statements

9 RESPONDENTS' PROFILE

The vast majority of respondents (87%) are married with only 11% having never been married and just 1% either divorced or widowed. A relatively large amount of respondents (34%) from Kansai were never married, but still, the majority (61%) were married.

Twenty eight percent of the respondents were between 35 and 39 years old. An equal number of respondents (18%) were between 30 and 34 years old and between 40 and 44 years old (Figure 24). Regional variations are shown in Table 22. Results reflect the desired sample demographic based on the methodologies employed in this analysis.

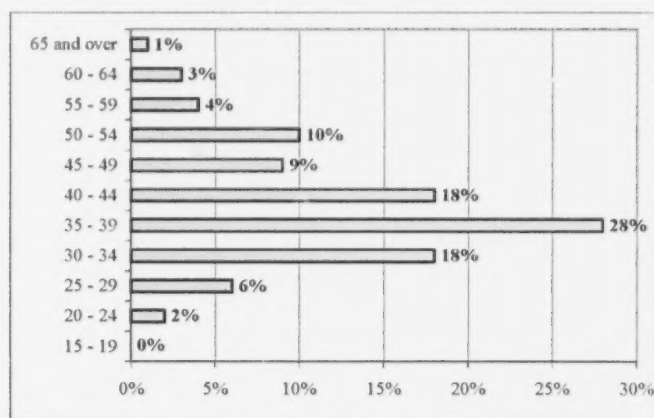


Figure 24: Age of respondents

Table 22: Age of respondents – regional response

	HOKKAIDO n = 30	KANTO n = 182	KANSAI n = 90	KYUSHU n = 60
15 - 19	0%	0%	0%	0%
20 - 24	0%	0%	8%	0%
25 - 29	0%	2%	19%	2%
30 - 34	0%	18%	26%	17%
35 - 39	27%	40%	13%	17%
40 - 44	43%	20%	3%	20%
45 - 49	27%	4%	4%	22%
50 - 54	3%	9%	9%	18%
55 - 59	0%	5%	6%	3%
60 - 64	0%	2%	8%	2%
65 and over	0%	0%	4%	0%

The majority of respondents (65%) were females. Hokkaido was the only region with a higher proportion of males (57%) than female (43%) (Table 23).

Table 23: Gender of respondents – regional response

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 90	<i>KYUSHU</i> n = 60
Male	57%	31%	39%	33%
Female	43%	69%	61%	67%

Respondents were asked about the highest level of formal education that they completed. Thirty nine percent of respondents stated that they graduated from college, and 25% completed at least one year of college (Figure 25). Kanto, Kansai, and Kyushu had the same response pattern. However, in Hokkaido, 41% of respondents completed high school and 34% completed a technical high school (Table 24).

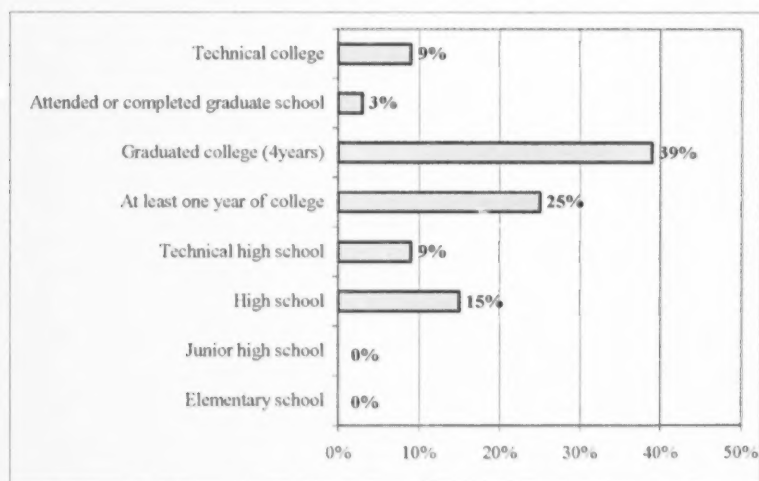


Figure 25: Level of formal education completed by respondents

Table 24: Level of formal education completed by respondents – regional responses

	<i>HOKKAIDO</i> n = 29	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 89	<i>KYUSHU</i> n = 69
Elementary school	0%	0%	0%	0%
Junior high school	0%	0%	0%	0%
High school	41%	14%	12%	8%
Technical high school	34%	4%	6%	15%
At least one year of college	3%	26%	28%	29%
Graduated college (4 years)	10%	41%	47%	36%
Attended or completed graduate school	0%	3%	2%	3%
Technical college	10%	11%	4%	8%

Thirty two percent of the respondents declared that the household's primary wage earner has a professional or technical occupation (e.g. accountant, computer specialist, dentist, engineer, lawyer, teacher, technician, writer, etc.) (Figure 26). The second most common occupation was manager or administrator (20%). In Hokkaido, 23% of the respondents stated that the household's primary wage earner was a crafts worker (e.g. baker, carpenter, electrician, foreman, jeweler, mechanic, painter, etc.). All other regions had a response pattern similar to that of total responses (Table 25).

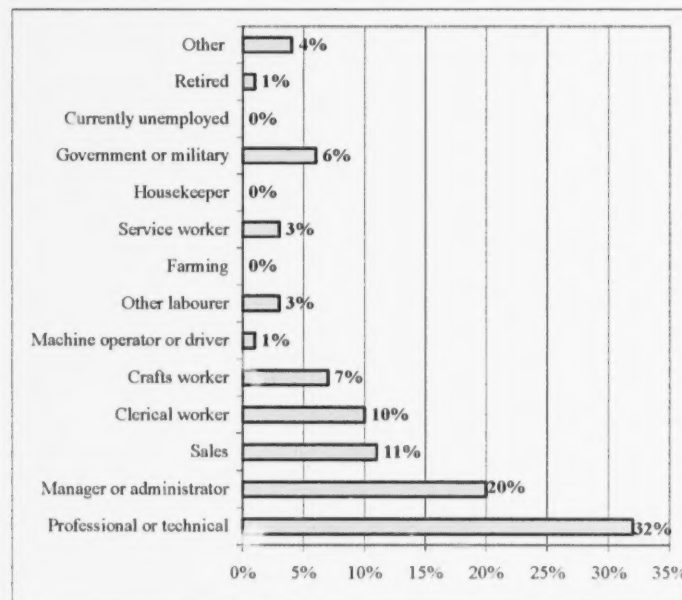


Figure 26: Occupation of household's primary wage earner (n=361)

Table 25: Occupation of household's primary wage earner – regional response

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 182	<i>KANSAI</i> n = 89	<i>KYUSHU</i> n = 60
Professional or technical	13%	36%	31%	32%
Manager or administrator	7%	23%	18%	22%
Sales	7%	12%	11%	13%
Clerical worker	7%	9%	10%	17%
Crafts worker ⁽¹⁾	23%	4%	11%	3%
Machine operator or driver	10%	1%	0%	2%
Other laborer	10%	2%	2%	2%
Farming	0%	0%	0%	0%
Service worker	7%	1%	4%	5%
Housekeeper	0%	0%	0%	0%
Government or military	7%	6%	4%	5%
Currently unemployed	0%	0%	1%	0%
Retired	0%	2%	2%	0%
Other ⁽²⁾	10%	5%	3%	0%

Twenty eight percent of the respondents stated that their total household income in 2001 was between ¥8 million and ¥10 million (\$CAN 107,000 – 133,000). Twenty five percent declared that their total household income was less than ¥6 million (\$CAN 80,000), and 23% said that it was between ¥6 million and ¥8 million (Figure 27). Residents in Hokkaido generally had a lower income than those in the other regions (Table 26). However, the cost of living in Hokkaido is also less.

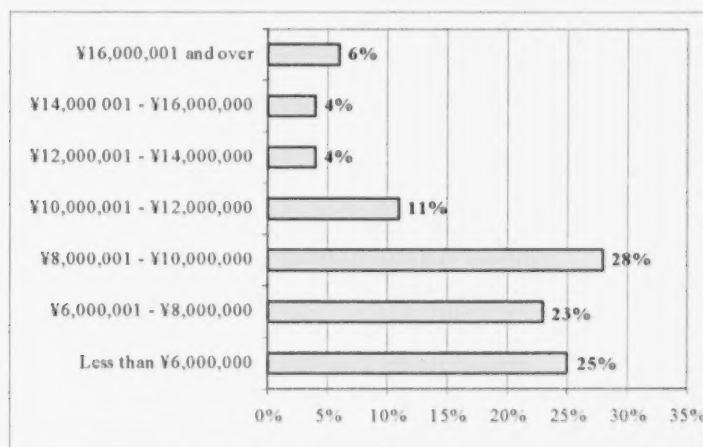
**Figure 27: Total household income in 2001 from all sources before taxes (n=361)**

Table 26: Total household income in 2001 from all sources before taxes – regional response

	<i>HOKKAIDO</i> n = 30	<i>KANTO</i> n = 181	<i>KANSAI</i> n = 90	<i>KYUSHU</i> n = 59
Less than ¥ 6 million	70%	17%	32%	19%
¥ 6,000,001 – ¥ 8 million	20%	23%	20%	27%
¥ 8,000,001 – ¥ 10 million	7%	33%	22%	32%
¥ 10,000,001 – ¥ 12 million	0%	13%	8%	14%
¥12,000,001 - ¥ 14 million	0%	6%	1%	5%
¥14,000,001 - ¥ 16 million	3%	4%	3%	3%
¥ 16,000,001 and over	0%	5%	13%	0%

The majority of respondents in Hokkaido (70%) and Kansai (32%) said that their total household income in 2001 was less than ¥6 million (Table 26).

10 SUMMARY

A tremendous amount of information was collected to enable a market segmentation of the Japanese house buying public based on performance characteristics of housing. As a first step, this report summarizes this information. Results clearly indicate that there are very different groups of house buying consumers in Japan. For example, one group will be moving to a larger house while another is going to downsize their home in their next purchase. Identifying these segments for the purposes of developing targeted promotional strategies in the Japanese housing market is the next step in this project.

11 REFERENCES

- BUILDING CENTRE OF JAPAN. 1998a. A quick look at housing in Japan. 4th ed. Building Centre of Japan. Tokyo. 50 p.
- COHEN, DAVID H., IAIN MACDONALD and ROBERT A. KOZAK. 2001. The Japanese Distribution System for Finished Building Products: In Transition. Prepared for Forest Renewal BC. 91 pages.
- COHEN, DAVID H. and CHRIS GASTON. 2001. Trends and Changes in Japanese Building Regulations. Published by CMHC 35 pages downloadable from http://www.cmhc-schl.gc.ca/en/homadoin/excaprex/repu/repu_001.cfm select Trends and Changes in Japanese Building Regulations
- DICKSON, P., GINTER, J. 1987. Market segmentation, product differentiation and marketing strategy. *Journal of Marketing*. 51: 1-10.
- FUJI RESEARCH INSTITUTE, 1997. Housing starts from a mid to long-term perspective. Tokyo, Japan. [In Japanese, with an English translation.] 52 p.
- JAPAN LUMBER JOURNAL, 1999a. "Housing Big Bang" What and How Will Change? (2) Housing quality Assurance Law -I-. 40(24): 11.
- LAMPERT, G., IKEHATA, S. 2000. Trends in the Japanese Housing Market. Canada Mortgage and Housing Corporation. Publication NHA 2514. Ottawa, Canada. 45 p.
- MALHOTRA, N. Marketing research: an applied orientation. Prentice Hall, Upper Saddle River, New Jersey. 763 p.